

## Choose And Administer Employee Benefits

This checklist reviews important reminders and tips for identifying, securing, and administering affordable, desirable benefits.

### Step 1: Set Your Goals and Budget

- ▶ **Start with benefits objective.** Consider your size, mission, location, and values!  
*SAMPLE OBJECTIVE: To offer a competitive employee benefits program that addresses employees' needs for paid time off and protection against the risks of aging, illness, and death.*
- ▶ **Reflect on how much your organization can spend on benefits.** Examine the cost of current benefits and use a spreadsheet to track the cost of adding or expanding benefits. Expect that benefit costs will rise over time.
- ▶ If you do not have a benefits program, **obtain quotes for a handful of potential benefits.** Consider seeking help from a [benefits broker](#).
- ▶ **Explore cost- and time-saving options.** Many state associations of nonprofits offer benefits programs for their members (see [www.ncn.org](http://www.ncn.org) to find the association in your state). Organizations with 50 or fewer employees could qualify to buy state or federal group health insurance via SHOP Marketplaces. Organizations with fewer than 25 employees could have access to a Small Business Health Care Tax Credit through a SHOP plan. This credit totals 35% of employer-paid health insurance premiums for tax-exempt nonprofits.

### Step 2: Learn What Employees Need

- ▶ **Do a needs assessment** to determine optimal benefits selection. Incorporate employee interviews or surveys, including demographic information. Resolve to prioritize what's most important to your employees.
- ▶ **Evaluate how many employees use existing benefits.** Ask your benefits broker(s) or providers for data!
- ▶ **Consider legal requirements.** The Affordable Care Act requires employers with 50 or more employees to provide affordable health insurance or pay a penalty. Many state and local laws require employers to offer paid sick leave (or equivalent time off) to employees.
- ▶ **Weigh your retirement options.** Many nonprofits are not subject to ERISA (Employee Retirement and Income Securities Act) rules, which gives 403(b) plans a lighter administrative load. Nonprofits can also contribute to employees' 403(b) accounts. But consider other options – nonprofits can also offer 401(k)s, contribute to employee-established individual retirement accounts, and more.





## Step 3: Create Your Benefits Program

- ▶ **Use the data you've collected to prioritize** benefit offerings, assess the cost, and decide what's doable. Consider administrative costs of the benefits, incentives that could reduce costs, how much employees will need to contribute, and whether you need to engage a third party to administer the benefit or plan.
- ▶ **Evaluate whether a PEO is a good option.** Professional employer organizations (PEOs) are an attractive option for some small employers. Because they have many clients, PEOs may be able to obtain lower rates and more comprehensive coverage than a small employer can get on its own. They typically charge by an organization's number of employees and the services used. PEO costs can average between 2 and 12 percent of wages, so compare that to your budget, current benefits spending, and needs.

## Step 4: Communicate Your Benefits Program

- ▶ **Let employees know how you used their feedback** to shape the benefit offerings. Follow legal requirements when you communicate about the plan. Don't forget to remind staff about the value of the benefits they receive. Consider providing staff with an annual 'total rewards summary' or statement showing total compensation and benefits value. Learn more [here](#).

## Step 5: Evaluate and Adapt

- ▶ **Develop goals and metrics** to measure the success of your benefits programs and make needed changes.



### Helpful Resources.

[Effective Employee Benefits for Nonprofits Begin with Culture](#) - BenefitsPro

[Here's What Every Nonprofit Should Know About Offering Health Insurance](#) - 501(c) Services

[Choosing a Retirement Plan for Your Nonprofit](#) - Gray, Gray & Gray

[PEO for Nonprofits: Solutions for HR Problems](#) - Execustaff HR

[What Is the Cost of a PEO?](#) - ADP

[The Basic Components \(and Pitfalls\) of a Total Compensation Statement](#) - HR Daily Advisor